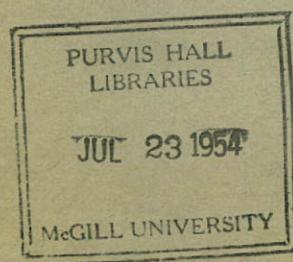


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CANADA
IRON FOUNDRIES
LIMITED



ANNUAL
REPORT
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CANADA IRON FOUNDRIES LIMITED



Directors

J. A. KILPATRICK	- - - - -	-	Montreal, P.Q.
C. L. JOBB	- - - - -	-	Montreal, P.Q.
T. McC. HUTCHISON	- - - - -	-	Montreal, P.Q.
D. W. FRASER	- - - - -	-	New York, N.Y.
W. J. LANGSTON	- - - - -	-	Montreal, P.Q.

Officers

J. A. KILPATRICK
Chairman of the Board

C. L. JOBB	W. J. LANGSTON	M. S. GROGAN
<i>President</i>	<i>Vice-President and General Manager</i>	<i>Secretary-Treasurer</i>

General Offices

MARK FISHER BUILDING
760 Victoria Square
MONTREAL, P.Q.

TWENTY-FOURTH ANNUAL REPORT
OF THE DIRECTORS OF
CANADA IRON FOUNDRIES LIMITED

YEAR ENDED DECEMBER 31st, 1939

*Submitted to the Shareholders at the Annual General Meeting
of the Company at Montreal, April 18th, 1940*

Your Board of Directors submit herewith Report of the Company's operations for the year ended December 31st, 1939, with Profit and Loss Account and Balance Sheet certified to by your Auditors.

After deducting selling and administrative expenses, operations show a profit of \$399,694.28, being an increased earning of \$159,921.61 as compared with the previous year. The tonnage of Cast Iron Pipe and miscellaneous Grey Iron Castings sold in 1939 was considerably in excess of that of the previous year and the increased earnings came largely from these two Departments.

Your subsidiary Foundry Plants also enjoyed an increased volume with an improved net earning, and dividends received from subsidiaries were in excess of those of 1938.

Approximately \$40,000.00 were expended for Plant betterments and improvements, the main outlay being the extension to the Grey Iron Foundry and installation of additional equipment at the Hamilton Plant. This amount has been charged to Capital Account.

During the last quarter of the year your Company was successful in booking considerable Rolling Mill Equipment and Pulp and Paper Machinery, all of which will be shipped during the first half of 1940.

A dividend of 6% on the Preferred Shares and 3% on the Common Shares has been declared; 2% was paid on the Preferred Shares on November 15th, 1939, the balance of the Preferred, and the Common dividend being payable on April 30th, to Shareholders of record April 15th, 1940.

The total earnings of the year of \$525,560.85, when added to the balance of \$1,020,413.10 brought forward, amount to \$1,545,973.95, which after providing for all charges, also dividends on the Preferred and Common Shares, leaves a balance to be carried forward to Earned Surplus Account of \$1,106,870.82.

All Plants of your Company have been kept in a good state of repair.

Your Directors have pleasure in recording here the loyalty and industry of the Members of the Organization during the year just closed.

Submitted on behalf of the Board.

C. L. JOBB,

February 20th, 1940.

President.

CANADA IRON FO

BALANCE SHEET,

ASSETS

CAPITAL ASSETS:

Real Estate, Buildings, Machinery, etc., and Goodwill (acquired 1st October, 1915) at Cost, plus Additions, less Realizations to date.....	\$6,338,171.10	
Less: Reserve for Depreciation.....	3,244,608.63	
		\$3,093,562.47

SHARES IN AND AMOUNTS OWING BY SUBSIDIARY COMPANIES:

Shares—at Cost or under.....	\$2,955,647.25	
Amounts owing.....	125,000.00	
		3,080,647.25

CURRENT ASSETS:

Inventories—as determined and certified by responsible officials of the Company and valued as follows:		
Raw Materials and Supplies, at the lower of Cost or Market, Work in Progress and Manufactured Product, at Manufacturing Cost.....	\$ 863,184.26	
Accounts Receivable, less Reserve for Doubtful Debts.....	402,341.46	
Government Bonds and other Marketable Securities, at Cost less Reserve..... (Market Value of \$169,487.20)	162,560.78	
Other Securities—at Cost.....	27,227.64	
Cash in Banks and on Hand.....	338,927.10	
		1,794,241.24

DEFERRED CHARGES TO FUTURE OPERATIONS:

Insurance, Taxes, etc., unexpired.....	11,542.58
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\$7,979,993.54

To the Shareholders:

CANADA IRON FOUNDRIES LIMITED—

We have examined the books and accounts of Canada Iron Foundries Limited for the year ended the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the books of the Company.

Pursuant to Section 114 of the Dominion Companies Act we report that the profits of the Company were not in excess of the profits earned by those Subsidiaries for the year. Profits earned during the year by the

Montreal, 14th February, 1940.

UNDRIES, LIMITED

1ST DECEMBER, 1939

LIABILITIES

CAPITAL STOCK:

Authorized:

45,000—6% Non-Cumulative Preference Shares of \$100.00 each	\$4,500,000.00
18,000—Common Shares of \$100.00 each	1,800,000.00

\$6,300,000.00

Issued:

38,778—6% Non-Cumulative Preference Shares of \$100.00 each	\$3,877,800.00
15,989 Common Shares of \$100.00 each	1,598,900.00

\$5,476,700.00

(Note: The Preference Shares are subject to redemption by tender, at prices not exceeding \$100.00 per share).

CURRENT LIABILITIES:

Accounts Payable, Pay Rolls, etc.	\$ 171,326.15
Provision for Dominion and Provincial Income Taxes	68,200.39
Dividend of 4% on Preference Shares payable 30th April, 1940	155,112.00
Dividend of 3% on Common Shares payable 30th April, 1940	47,967.00
Unclaimed Dividends	16,207.82

458,813.36

UNCLAIMED WAGES, AND OTHER UNADJUSTED CLAIMS

1,609.36

GENERAL RESERVE

936,000.00

EARNED SURPLUS:

Balance as per Statement herewith	1,106,870.82
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Approved on behalf of the Board:

(Signed), CHAS. L. JOBB }
" D. W. FRASER } Directors.

\$7,979,993.54

1st December, 1939, and have obtained all the information and explanations we have required. In our opinion, company's affairs, according to the best of our information and the explanations given to us and as shown by the

any for the year ended 31st December, 1939, include dividends received from two Subsidiary Companies which remaining Subsidiary Companies have not been included in the above accounts.

STEVENSON, WALKER, KNOWLES & CO.,
Auditors.

CANADA IRON FO

PROFIT AND L

FOR THE YEAR ENDED

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To Depreciation on Plant and Machinery.....	\$ 40,601.04
" Maintenance of Non-Operating Plants.....	2,930.77
" Executive Remuneration paid to Salaried Directors.....	48,299.92
" Legal Fees.....	636.40
" Provision for Bad and Doubtful Debts.....	5,000.00
" Provision for Dominion and Provincial Income Taxes.....	61,000.00
" Net Profit for the Year carried to Statement of Earned Surplus..	367,092.72
	<u>\$ 525,560.85</u>

Statement Pursuant to Section 113 (1) Dominion Companies Act:

The total remuneration received by Directors of the Company
(excluding Salaried Directors) including amounts paid by Sub-
sidiary Companies amounted to \$1,500.00.

STATEMENT OF

FOR THE YEAR ENDED

To Dividend of 6% on Preference Shares.....	\$ 232,668.00
" Dividend of 3% on Common Shares.....	47,967.00
" Balance as per Balance Sheet.....	1,106,870.82
	<u>\$1,387,505.82</u>

INDRIES, LIMITED

LOSS ACCOUNT

31ST DECEMBER, 1939

	CR.
By Profit on Operations after deducting Selling and Administrative Expenses.....	\$ 399,694.28
" Interest on Government Bonds and Other Securities.....	10,596.57
" Dividends—Subsidiary Companies.....	115,270.00
	<u>\$ 525,560.85</u>

EARNED SURPLUS

31ST DECEMBER, 1939

By Balance as at 31st December, 1938.....	\$1,020,413.10
" Net Profit for the Year as per Profit and Loss Account.....	367,092.72
	<u>\$1,387,505.82</u>

Audited and Verified,

STEVENSON, WALKER, KNOWLES & CO.,

Auditors.

MONTREAL, 14TH FEBRUARY, 1940

